

Maurice A. Barboza  
1202 South Washington Street, Suite 606 Alexandria, Virginia 22314  
[mbarboza09@gmail.com](mailto:mbarboza09@gmail.com) 703-299-0408  
The Honorable Rob Krupicka Delegate  
Virginia General Assembly P.O. Box 25455  
Alexandria, VA 22313

Dear Delegate Krupicka,

Thank you for your quick response and advice of December 1. Over 600 residents of Hunting Point on the Potomac in Alexandria are affected by the arbitrary use by Virginia landlords of LRO rent setting software. This nationwide system is derived from software used to set ticket rates and hotel room rates for airlines and casinos, among others. Neither housing for American workers or the stability of communities is something to be gambled with and to pass under the radar of the Virginia Housing Commission, as it may be doing.

We ask that you consider working with us to fashion legislation to prevent landlords from offering terms and conditions that favor new renters over existing residents and are no longer a reflection of the market when the resident's lease expires. Laramar Group, the new owner of Hunting Point, sets rent on occupied apartments at least 60 days prior to the expiration of a current lease. However, a new renter may be offered a substantially lower rate only days before the current resident's lease expires. The reason: the market that existed two months earlier no longer exists (if in fact it ever truly did exist). The landlord benefits either way. The faster apartments are turned over in a span of years, the more likely it is that rents will move higher. Laramar offers leases for 30 days and in monthly increments up to one year. When these intervals are interspersed with 12-month leases, the start dates and stop dates of leases can be managed to ensure apartments are vacated when the market is most likely to bear rates favorable to the landlord. The implications for preserving affordable and workforce housing in Alexandria are apparent.

When I requested in mid-November to have my rent (which was set on or about August 30) adjusted to the rate posted on the company's website and offered to new residents, a Laramar regional vice president replied, "...we will not decrease you[r] offering if current rents are lower." He also brushed off questions about how the system works, as if it is a mystery. "Many factors and algorithms are involved in pricing available apartments on a daily basis." The dramatic price swings in the attached charts raise questions about the accuracy of the models. What algorithms could possibly explain the steep rise and subsequent drop over that eight month period?

As a consumer, I am entitled to know what the actual rate would be on my apartment. I asked what the rate was on September 5, the date of my renewal letter. As sophisticated as the system is claimed to be, Laramar said historical data is not available. The withholding of information is troubling. It suggests landlords could be acting in combination to conceal information from residents, local housing agencies and community groups.

The LRO system is enabling owners of multifamily properties in unison to test the rental market's highest thresholds 365 days of the year. There could be no more graphic an example than the pricing of the highest priced 2-bedroom apartment. The advertised price of \$2,160 on July 26 rose to \$2,649 on September 13, then dropped to \$1,864 by December 1 – a 25 percent rise followed by a 30 percent drop over just a four month period. On its face it does not appear that way, but the gamble may have paid off for the landlord. The company may have rented enough units to more than make up for the price drop that began in late October.

Gambling on rental rates is a landlord's prerogative in Virginia. Property owners may charge whatever they perceive the market will bear on any given day. However, the Laramar Group, and likely scores of others, are employing LRO to offer more favorable terms and conditions to prospective renters than for existing residents regardless of how long the resident has resided on the property. In the same email, the regional vice president said, "Our rents are based on an airline pricing model that is used and accepted by the majority of property management companies." Such a model is inappropriate for setting prices for basic human needs – like housing.

Between September 13 and November 18, the low end of the average market rent dropped from \$1,465 to \$1,144 or 22 percent (after rising from \$1,301 on July 13). During that period, no existing resident theoretically could avail themselves of any lower rate. In order to do so, they would need to move out and return the next day to present themselves as a new resident.

Residents whose leases are expiring are faced with a take it or leave it offer even as new move- ins tell them they are paying less for comparable units. One neighbor was offered a lease on a one-bedroom apartment at more than 18 percent above the market rate of December 1. The rent was set on or about October 5. On November 28, a new resident told him his family was paying \$143 less than what the long-time resident was offered for his comparable unit. Laramar insisted that the long-time resident pay an additional \$223 for rent and \$89 for utilities. Had the landlord offered him a rate based on the market rate the increase should have been no more than \$75 plus utilities.

Hunting Point residents would like you to introduce a bill to prohibit property owners from imposing greater burdens and uncertainties on existing residents. Your bill could be narrowly drawn to ensure that landlords cannot "constructively evict" residents whose leases are expiring by offering unfavorable terms and conditions. The Virginia Residential Landlord and Tenant Act could be amended by adding the following, "Upon the renewal of a rental agreement, the tenant shall pay the fair market rent at the time the agreement is performed or the notice of renewal is dated, whichever is less."

With respect to a resident's entitlement to the lesser offer, the other part of what Laramar said is this, "nor will we increase your renewal offering if current rents are higher." We urge you to include language that makes the provision retroactive to at least January 1, 2013.

The Honorable Rob Krupicka December 2, 2013  
Page Three

This bill would benefit every renter in Virginia and set an example for other states. In the Washington DC, Arlington and Alexandria area, renters make up about 36 percent of households. LRO software is used to set rents across the nation where the number of renters to households is nearly identical at 35 percent. Your legislation would require landlords to apply market concepts equally and not to the disadvantage of residents whose leases are expiring.

Laramar, and other sizeable property owners, are accelerating the turnover of apartments so they can raise rents more frequently and to amounts beyond what a normal market would suggest is possible. (Please see the attached charts.) What this does in stable communities like Hunting Point is transform them into transient communities. When your next election occurs, only a small percentage of residents will know the name of their state representative. This will be one of the legacies of the LRO system – here and in thousands of communities – if current policies continue unchallenged and as if they are reasonable. These policies are not neutral and not reasonable. To the contrary, they raise the specter of discrimination when a member of a protected class is involved, as defined by the Fair Housing Act. Moreover, they are designed to turn-over communities to maximize profit. This is not consistent with the history of the United States, where community stability is considered a virtue, not an opportunity to attack for profit.

The bill we are proposing is a simple way to promote affordable housing without cost, set-asides or an assault on a landlord's capacity to set rents. We want rates set fairly and applied equally.

We plan to write to the Governor to encourage him to incorporate this proposal into his administration's affordable housing agenda.

Sincerely,  
Maurice A. Barboza  
Member  
Hunting Point Residents Association  
cc: Mr. Jim Mercury Mr. David Chun  
Hunting Point Residents Association